



CIRCULAR

Ref: COD/DIR/GEN/CIT/05/031

20th April, 2011

All Banks,
CIT Companies,
Payments System Service Providers
Switches,
Card Acquirers,
Issuers and Processors.

INDUSTRY POLICY ON RETAIL CASH COLLECTION AND LODGEMENT (IITP/C/001)

In view of increasing dominance of cash in the economy with its implication for cost of cash management to the banking industry, security, money laundering, etc., the Central Bank of Nigeria, in collaboration with the Bankers Committee, is adopting policies to reduce the high usage of cash, moderate the cost of cash management and encourage the use of electronic payment channels.

Consequently, the Central Bank of Nigeria hereby directs as follows:

1. Commencing from June 1, 2012, a daily cumulative limit of ₦150,000 and ₦1,000,000 on free cash withdrawals and lodgments by individual and corporate customers respectively with Deposit Money Banks (DMBs) shall be imposed. To this end, individuals and corporate organizations that make cash transactions above the limits will be charged a penal fee of ₦100/thousand and ₦200/thousand respectively for amounts above the cumulative limits.

Contravention of this policy shall attract a fine of five (5) times the amount that the bank waives as a first offender. Subsequently, the bank shall pay ten (10) times the charges waived.

2. Furthermore, 3rd party cheques above ₦150,000 shall not be eligible for encashment over the counter. Value for such cheques shall be received through the clearing house.

If a bank allows 3rd party cheque encashment, it shall be liable to a sanction of 10% of the face value of the cheque or ₦100,000 whichever is higher.

3. Banks will cease cash in transit lodgment services rendered to merchant-customers from June 1, 2012. In this regard, customers could engage the services of the CBN licensed cash-in-transit (CIT) companies to aid cash movement to and from their banks at mutually agreed terms and conditions.

Contravention of this policy shall attract a fine of ₦1.0 million per specie movement.

4. This arrangement shall be in force in Lagos state, F.C.T., Port Harcourt, Kano and Aba in the first instance. The arrangement shall be extended to other parts of the country at a date to be determined by the Bankers Committee.
5. To achieve interoperability of local currency POS transactions, no card scheme, foreign or local, shall operate exclusive acquirer agreement or contract in Nigeria with effect from June 1, 2011. Any payments scheme, processor, switching company, service provider or bank that contravenes this policy may be suspended for a minimum of one (1) month by the CBN as a processor, switching company,

service provider etc in the first instance. The license may be withdrawn by the CBN if the contravention is repeated.

6. This policy shall apply to both private and public sector transactions. All financial institutions including Deposit Money Banks, Savings and Loans, Mortgage and Microfinance Banks shall comply accordingly.
7. Compliance with the policy shall be monitored by the Banking Supervision Department and the Other Financial Institutions Supervision Department with appropriate sanction applied to erring institutions.

While the Central Bank of Nigeria will make general announcements and carry out public awareness programmes individual banks are expected to do same. The affected customers of banks should be informed in good time by the banks with clear advice on alternative electronic payment channels available to them.

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